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UNCLAS SECTION 01 OF 04 TAIPEI 004205

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SUBJECT: TAIWAN ADDRESSES FOREIGN WORKER ABUSE

REF A) TAIPEI 03525 B) TAIPEI 03793 C) TAIPEI 03856 D)
TAIPEI 03196 E) TAIPEI 03197

1. Summary: The Thai labor riots (ref A, B and C) have highlighted the need for changes in Taiwan's treatment of foreign workers. NGOs report that Taiwan employers are able to mistreat foreign workers because of inadequate laws. Mistreatment includes high broker fees, labor trafficking, and arbitrary deportations. Almost half of the foreign workers are not covered by Taiwan's labor laws. NGOs believe the Taiwan authorities have taken a business-as-usual approach now that the media are no longer focused on the Thai worker riots. Officials at the Council of Labor Affairs (CLA) assert that substantial progress has been made in addressing the concerns of foreign workers. CLA hopes to lower broker fees and prevent foreign workers from being deported without just cause. End Summary.

Background on Foreign Laborers in Taiwan

2. There are a total of 314,000 foreign workers in Taiwan. They are composed of approximately 90,000 each from Vietnam, Thailand and the Philippines, 20,000 from Indonesia and less than a hundred from Mongolia. The maximum amount of time they can work in Taiwan is six years. However, after the first three years they must return to their own country and re-apply for a second three year tour.

3. A little less than half of the foreign worker population (approximately 126,700) is engaged in domestic care. They work in private homes taking care of the elderly or assisting in childcare. The other half are involved in labor-intensive work such as construction. Currently, the largest employer of foreign workers is the Formosa Plastics Corporation, which employs over 5,000 construction workers in building a new oil refinery in Mailiao, Taiwan.

4. Foreign workers are drawn to Taiwan because the minimum wage of approximately US\$500 (NT\$15,840) a month is one of the highest wages in Asia. Foreign workers can make more money doing the same work in Taiwan than they could in Hong Kong or Singapore, two other popular destinations. While, domestic care workers typically receive the minimum wage, other types of workers receive even higher wages. In construction, wages for skilled labor such as welding approaches US\$1,000 (NT\$30,000) a month.

Foreign labor's contribution to Taiwan's economy

5. Foreign workers make substantial contributions to Taiwan. Because Taiwan's population growth is one of the lowest in Asia at 1.24% (examined in ref D and E), Taiwan is facing a labor shortage. By bringing in foreign workers, Taiwan can keep labor costs low for labor-intensive industries and help control inflation.

6. Foreign workers also help maintain Taiwan's social welfare programs. Many foreign workers care for the elderly, which helps keep healthcare costs down for the government. In addition, the 314,000 foreign workers are required to contribute to the national health insurance program and pay income taxes while they work in Taiwan. The contributions are a boon for the social safety net since few foreign workers will claim any benefits in the short time they are in Taiwan.

NGOs list four major issues that Taiwan government has not addressed

7. Despite their contributions to Taiwan's prosperity, NGOs have long claimed that the Taiwan government turns a blind eye to the problems that foreign workers face. There are four major issues that NGOs have told AIT need to be addressed. First, high broker fees turn workers into indentured servants when they arrive in Taiwan. Because of high demand and quota limits, brokers are able to charge high fees for a job in Taiwan. For example, a domestic caretaker over the course of 3 years will pay on average US\$4,000 to US\$8,000 for a job in Taiwan. Most workers expect to save almost nothing in the first 1-2 years to pay

off the debt to the broker. NGOs report that domestic caretakers receive approximately US\$100 (NT\$3,000) to US\$200 (NT\$6,000) a month after deductions.

High Broker Fees

18. Foreign workers can justify the high fees because once they pay off the broker fee after two years, they can keep most of their salary in their final year in Taiwan. Even housekeepers that are paid the minimum wage may save US\$4,000 after three years. However, this does not always work out as planned. Some dishonest brokers disguise additional fees in the form of loans. Some workers may be sent home by their employers before they have repaid their broker fee. As one foreign worker living at the government shelter said to AIT ECONOFF "it's a gamble. But what do I have to lose? If I stay in the Philippines there is no job for me. At least I have a chance in Taiwan."

Bait & Switch

19. Second, labor trafficking has not been adequately addressed by the Taiwan government. NGOs report many cases where foreign workers, hired as domestic caretakers, are actually sent to factories after they arrive in Taiwan. Employers use this method to circumvent quotas on hiring foreign workers since domestic caretakers are exempted from quota restrictions. The foreign workers are required to work in factories but then paid the same wages as a domestic caretaker; a fraction of the prevailing wage rate for a factory worker. Joyce Shiau, Director of the Taipei government shelter said this is the number one reason workers seek help at the shelter.

110. Penalties for employers involved in labor trafficking are light. In one case, Joyce Shiau told AIT, that an inspector discovered an employer was making his housekeeper work in the employer's flour factory. The inspector fined the employer US\$1,000 (NT\$30,000). The inspector then returned the foreign worker to the employer's family so that she could continue working as a housekeeper. Labor authorities will remove an employer's right to hire domestic caretakers only after the third offense.

No Legal Protections for Domestic Staff

111. Third, domestic caretakers are not covered by Taiwan's labor standards law. While foreign workers in construction are covered under Taiwan's labor laws, domestic caretakers, who make up about half of all foreign workers, are specifically exempt. Without any laws to protect domestic caretakers, time off, minimum wage and working conditions are decided by the employer. AIT ECONOFF has learned of numerous cases where housekeepers have worked for one to two years without any time off. To address this, NGOs have been advocating for a Household Services Law to regulate domestic caretakers. However, officials at CLA have not supported the law and a commission created to write the bill could not come to a consensus.

Deportation Problems

112. Finally, Taiwan has no rules regarding the repatriation of foreign workers. NGOs believe that foreign workers should have some kind of whistleblower protection if they face illegal working conditions. Without this protection, employers can arbitrarily deport foreign workers who raise concerns or seek help. This was one of the contributing factors that led to the Thai worker riots. The Thai workers claimed that anyone who questioned their paycheck was immediately deported. (See ref A, B and C) A worker who is deported within the first two years may not be able to pay back the debt incurred from broker fees.

NGOs Report on Recent Cases of Foreign Worker Abuse

113. In addition to the Thai worker riots, NGOs have highlighted a few less widely reported cases of the foreign worker abuse. NGOs believe that these cases show that the Thai worker riots were not an anomaly but part of a lasting trend. In April 2005, a broker in Tainan, Taiwan was discovered to have raped up to thirty Vietnamese foreign workers that he brought to Taiwan. NGOs point to the large number of victims as evidence that many foreign workers do not know that there are resources to help them. In July 2005, sixteen Filipino construction workers tried to stage a strike at the Formosa Plastics Corporation oil refinery about salary deductions. They were allegedly beaten by guards and immediately deported. Four of them were still injured at the time they were deported and were later treated in Hong Kong. The case is still under investigation by the CLA and Yunlin County Government. In February 2004, New Party legislator Fong Hu-xiang was convicted of rape in a case involving his Filipino maid. The case is currently on appeal.

CLA Defends Themselves by Pointing to New Legal Aid Office

14. Officials at CLA defend their policies. CLA's Foreign Worker Affairs Director Liao Wei-ren explained that in 2004, Taiwan established a legal aid office that provides free legal services to foreign workers. This office was instrumental in bringing cases against the broker in the Tainan incident involving the rape of Vietnamese workers. The legal aid office was able to arrange to have all the victims stay at government shelters and testify against the broker. In addition, CLA has agreed to find them new jobs if they want to stay in Taiwan. The case is still being investigated and the broker has been jailed while awaiting trial. In the case of legislator Fong Hu-xiang, the housekeeper reported the case to the police and she was sent to a government shelter until she voluntarily left for the Philippines. The legislator was sentenced to 4 years in prison. The case is on appeal but the legislator has been removed from office. As for the Filipino workers at Formosa Plastics Corporation, CLA officials admitted that the workers should not have been immediately deported back to Philippines. An investigation is still pending.

CLA has two new plans: Separate Processing at Airport and Bilateral Agreements

15. In reference to the Filipino worker case, Liao admitted that employers have deported employees without cause. To address the deportation problem, Liao said that the CLA is planning to build a separate waiting area for foreign workers at the airport. No one except foreign workers will be allowed into the waiting area. Foreign workers who arrive in Taiwan will be given pamphlets in their own language detailing their rights in the waiting area. On departure the foreign workers will be allowed to report any illegal activity and be given the option to stay in a government shelter if they believe they are being deported without cause.

16. To address the issue of high broker fees, CLA is negotiating a bilateral agreement with the Philippine government to allow Filipino workers to apply directly to CLA if they want to return to Taiwan. Currently, foreign workers who have finished three years in Taiwan need to leave Taiwan and apply for re-entry. This requires another broker fee. Under CLA's plan, Filipino workers can bypass the brokers and apply directly to the CLA if they are returning for a second three-year contract. If successful, CLA plans to negotiate similar bilateral agreements with other countries. With respect to the request by NGOs to completely abolish the broker system, Liao said that removing the broker system is not possible because the government does not have the resources to recruit foreign workers on its own.

Translators, Hotline, Radio Programs and Pamphlets

17. Joyce Shiau detailed all the services the Taiwan government provides. If foreign workers call the shelter hotline, they will be connected with a translator on staff. Depending on the nature of the complaint they can be directed to a shelter immediately. The CLA has established 24 offices around the island to provide counseling and other services to foreign workers. Shiau also showed us pamphlets in four languages with information for foreign workers. The police are required to give the pamphlets to all foreign workers when they apply for their Alien Resident Card. She also showed the schedule for weekly radio programs directed toward foreign workers in their own language.

18. However, in a telling example that Taiwan's efforts are not as effective as officials claim, AIT ECONOFF met with two foreign workers who were living in the government shelter. Both said, prior to being sent to the shelter, that they had never heard of any shelters, pamphlets, hotlines or radio programs offered to foreign workers. They were directed to the shelter after going to the police. One worker claimed that she was sexually abused by her employer and the other had been illegally employed. However, to CLA's credit, both workers said they were impressed with the treatment they had received. While CLA was arranging new employment for both of them, they were free to leave and enter the shelter and were provided free room and board.

19. Comment: The political environment in Taiwan is such that any case of foreign worker abuse that reaches the media receives major coverage. The resignation of CLA Chairwomen Chen Chu over the Thai Labor riots shows that the Taiwan authorities were embarrassed by the riot and are paying attention to the problems foreign workers face in Taiwan. To its credit, CLA has successfully carried out plans to provide free legal services and operate government shelters for foreign workers. One of the ruling party's most

energetic and effective leaders, former Executive Yuan Secretary General Lee Yung-yuan, has succeeded Chen Chu as

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CLA Chairman. This offers hope that CLA will continue to improve its performance. However, problems such as high broker fees, arbitrary deportations and labor trafficking means that many foreign workers continue to suffer. It remains to be seen whether CLA's plans to have separate waiting areas at airports and bilateral agreements to reduce broker fees will be successful. End Comment.